



Michael R. Pence, Governor
State of Indiana

Division of Disability and Rehabilitative Services
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CIH Cost Analysis Subcommittee Meeting Minutes

Date/Time: February 9, 2016 10:00am- 2:00pm

Place: Insights Consulting
7830 Johnson Road
Indianapolis, IN 46250

Attendees:

Kim Opsahl INARF	Adam Schwelnus Logan Community Resources, Inc.
Terry Huser Huser Special Care	Laura Fife Connections Case Management
Dick Rhoad Wabash Center, Inc.	Dan Stewart Achieva Resources Corp.
Kim Dodson The Arc of Indiana	Jennifer McBlane Public Consulting Group, Inc.
Julie Reynolds DDRS	Thom Hayes BDDS
Kelly Hartman – Subcommittee Chair Insights Consulting, Inc.	Misty Woltman Easter Seals – Arc Northeast Indiana
Cathy Anderson – by phone Public Consulting Group, Inc.	Nathan Grossman – by phone Public Consulting Group, Inc.
Nathan Piper Public Consulting Group, Inc.	

Introductions



Previous Meeting Task & Notes

➤ State Research

- PCG to look at PA's shared living program, the family subsidy programs in IL and programs in North Carolina & Colorado
 - Goal of looking at other states who have implemented innovative programs and what the cost structure of those look like.
- Kim Opsahl will share a presentation from the University of Colorado (Coleman Center) on some innovative work.
- Dick Rhoad will share some relevant data at the next meeting

➤ Public Access Issues

- DDRS to ensure the committee's compliance with public access and open door laws

Topics

➤ Advisory Subcommittee Discussion

- Advise DDRS how to better understand the cost of providing CIH residential services as part of the implementation of the CIH waiver amendment
- Providing sufficient resources to obtain positive outcomes
- Reasonable, informed and defensible rates
- Avoiding unnecessary administrative burden
 - Administrative cost differential between I/DD services and Elderly and Aging services
- With nearly 9,000 consumers in Indiana, and a waitlist of prospective consumers, where is this whole system headed?
 - Problems with I/DD populations ending up in nursing homes
- A side benefit from the cost analysis – at some point in time there needs to be a carve out in cost to understand the unallowable cost for the waiver program

➤ Cost Reporting Best Practices – PCG Presentation

- Overview of Cost Reporting best practices and the various dynamics that drive the methodologies for establishing provider rates.
 - Timelines and Benchmarks
 - No one size fits all, each state will have a different timeline for implementation
 - Each state will have unique considerations (i.e. total number of providers, size of consumer population served, etc.)
 - Cost of reporting
 - Are consultants helping assist providers complete the cost reports or providers completing these solely by themselves?
 - Creation of a defined and clear process with backup documentation, quality assurance and outreach & technical assistance
 - Cost Elements
 - Administrative

- Room & Board and Transportation
- Direct Service
- Non-Reimbursable
- Types of Cost
 - Allowable Cost
 - Direct Cost
 - Indirect Cost
- Risk Mitigation
 - Burden on Providers
 - Poor Data Quality
 - Incomplete Understanding of Financial Environment

➤ **State Examples – Cost Reporting**

- Pennsylvania – Handouts/Discussions
 - Rate Setting Methodology for Consolidated and Person/Family Directed Support Waiver and Based-Funded Services for Individuals Participating in the Office of Developmental Programs Service System.
 - Conversations should be had about the program offset here in Indiana, as there was in Pennsylvania
 - Are all of Pennsylvania’s providers are entirely non-profit? (needs to be confirmed)
 - One Pennsylvania provider reported that it is difficult to complete these cost reports
 - Some providers are having to take direct cost support funds and utilize them for completing cost reports because they are so demanding on providers
 - Some providers believe that the process is not equitable across all services
 - Commonwealth of Pennsylvania – Office of Developmental Programs – Financial Cost Report for Providers of Consolidated & P/F/DS Waiver Services
 - Group viewed and discussed the sample cost analysis report
 - Commonwealth of Pennsylvania – Office of Developmental Programs - Cost Report Instructions for the Consolidated and Person/Family Directed Supports Waiver Programs – Version 11.0 – Fiscal Year 2014/2015
- Massachusetts – Handouts/Discussions
 - Executive Office of Administration and Finance – Operational Services Division – FY 2013 UFR Template Preparation Guidance and Template eFiling Instructions Version 1.0
 - Group viewed and discussed the sample cost analysis report template
 - Not as comprehensive as Pennsylvania, but transparent nonetheless

- Online UFR posting requirements – transparency goal across the State
 - Very similar to the 990 that is required for all non-profits
 - Sample of Massachusetts Operational Services Definitions
- Vermont – no handouts
 - No direct cost reporting requirements from providers, instead a spreadsheet with planned services/cost by consumer
- Colorado – no handouts
 - Expecting more information from them regarding their most recent cost calculation. Information such as surveys, etc.
- Of all the states that have a 1915(c) waiver - Globally who does what? 1915(c)'s are the primary waiver used for their I/DD waiver.
 - What does Managed Care mean in this context?
 - A capitated rate – direct care services are contracted out. How this is contracted out is entirely up to each State
 - One committee member stated that “North Carolina I/DD services are a complete disaster”
 - It is the consensus of the group that Managed Care systems are not desirable
 - The subcommittee should take a greater look at the options and flexibility of shared living programs.
- Cost Report Discussion
 - Feeling that the committee jumped concepts from our initial meeting of understanding the costs themselves to the cost reporting mechanisms.
 - The subcommittee is utilizing the 101 of Cost Reporting as a way to see how other states are doing it and then look back and reflect on the process here in Indiana
 - This group is not looking at setting rates – the purpose is to review other methods of cost reporting look at how we determine what the cost are
 - When looking at cost reporting the group will need to make sure there is plan with detailed and clear instructions in order to produce detailed cost report.
 - Pennsylvania model seems overly burdensome, don't want to take resources away from direct service
 - Costs don't show what is needed. If salaries are too low, then reporting cost and using that as the basis for rates will yield a rate that is too low
 - One way to mitigate is to use the cost data as a point of analysis, but possible benchmark target staffing levels, salary levels, etc.
 - Can collected data on performance, or program elements that impact performance, such as staff credentials and turnover and try to make associations between cost and performance to use as a basis for developing standards/benchmarks for rate setting
 - Where in the 1915(c) waiver do the consumers have the best outcome in their life?

- From a provider standpoint: we will pay whatever or however much it cost
- Quality drives cost. The foundation is you do the financials and cost reporting, but you keep in mind the outcomes
- When each of the teams (Cost Analysis, Implementation, and Policy) get together the end result needs to be finding ways to get the best possible outcomes for the waiver participants
- Issue of staff turnover and labor pool
 - Staff pay and Direct Service Provider quality of supervision and training
 - Communication barriers – growing population of DSP's where English is a second language
 - Retention of college graduate population
 - There are some ways to mitigate these issues, performance pay
 - Loss of skilled DSP staff who have moved into a management role
 - Trend in DSP's age changing from adult to a younger population
- With the money we have, what can we do? What positive changes can we make?
 - Utilization of budgets – individuals have services available but not always utilized
 - Fear of loss of budget dollars due underutilization – use it or lose it
- Could we approach the cost reporting in a different way, and collect information on the primary cost driver, which is staffing? The state already collects a lot of cost data, could we focus in this group on how to collect staffing cost and how to build a rate based on those cost?
 - Need to factor in other significant cost as well, such as program oversight
- When looking at other states, the subcommittee must consider their total consumer population versus ours, because we could end up in a situation where we are comparing apples to oranges
- When the State of Indiana starts to rollout the new things in our system – do we have an issue in reaching to all providers statewide – this is an issue that will need to be addressed by the Implementation Subcommittee. The State of Indiana will work on better communication to all stakeholders – providers, families, etc.

Recommendations

- Moving forward, this subcommittee should understand the requirements CMS has around HCBS rates and other waivers
 - What are some of the pressures that CMS puts on states with respect to rates? How does the federal government want to fund these waivers?
- Data collection for cost reports should also include the utilization data from particular services
- Another key recommendation is to build the data collection system in advance so that we can know which data to collect

Whiteboard Exercise/Notes

- Group participated in an exercise where they identified needs vs wants – At the end of the day how are we going to define what the best possible outcomes are?
 - Measurable data points related to quality of service delivery/customer outcomes
 - Cost factors to service delivery out of our control
 - Quality of life indicators
 - Define: “Best possible outcomes”
 - Values we want to protect

Planning Ahead

- **The next meeting will be March 7, 2016 – 10:00AM – 2:00PM – Insights Consulting**
 - Discuss major cost components of CIH residential services & trends
 - Direct service staff, supervision, QA & training, administration overhead, etc.
 - PCG will share CMS rules around HCBS rate setting
 - PCG will bring University of Minnesota study and findings
 - Dick Rhoad to share innovations from Wabash
 - Kim Opsahl will share a presentation from the University of Colorado (Coleman Center) on some innovative work.
 - Others to send ideas for information or research for next meeting to Kelly Hartman

Tasks

- **Continued State Research - PCG**
 - Colorado
 - California
 - North Carolina
 - New Mexico
 - Cost components for group discussion
- **Subcommittee Meeting Format Changes**
 - Move the May 10, 2016 meeting to May 3, 2016